

## EXHIBIT B



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# 'Conan the Barbarian' Lawsuit Seeks Character Rights (Exclusive)

Just as 'Conan the Barbarian 3D' opens, SLMI files a blockbuster lawsuit to claim rights and profits.

8:44 AM PDT 8/22/2011 by Eric Gardner

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Lionsgate

If anybody thought that **Stan Lee Media Inc.**, the company which now operates independently from its comic book legend founder, was gone for good, guess again. On Friday, SLMI made a big move in U.S. District Court in California to grab back rights on the fictional character Conan the Barbarian and win proceeds from the just-released *Conan the Barbarian 3D* film.

The new suit comes from SLMI, which has had a rocky history since being founded by Stan Lee in the late 1990s.

Initially, the company looked to be on its way towards success after Lee assigned SLMI rights to his famous comic book characters. In 2000, the company added to its stable of rights by acquiring full ownership of **Conan Properties**. Then, the following year, SLMI entered bankruptcy, and the company's IP assets were diverted, leading to a decade of protracted litigation.

Last year, SLMI found its feet again after a Colorado court recognized SLMI's new board as the duly authorized representative of the company. Since then, the company has been looking to put back the pieces.

SLMI's latest splash is a lawsuit filed on the same day that the latest *Conan the Barbarian* film hit theaters.

According to the complaint, after SLMI went into bankruptcy in 2001, an unauthorized agent of the

company purported to transfer its ownership of Conan Properties back to **Conan Sales Co.**

The company claims that the transfer of the "Conan" character is void because at that time in 2002, "the shares of Conan Properties and all other assets of SLMI were part of a bankruptcy estate and protected from unauthorized transfer by the automatic bankruptcy stay."

SLMI says that the defendants obtained relief from the automatic stay in March 2002 by getting a judge to sign off on a "Settlement Approval Order" but that this order was itself void because the defendants didn't provide notice and give 1,800 SLMI shareholders an opportunity to protect their interests by opposing the motion to transfer Conan.

The transfers, allegedly made by attorney **Arthur Lieberman** among others, is alleged to have constituted fraud and a breach of fiduciary duties. Lieberman himself is a defendant in this lawsuit.

In 2002, after Conan Sales Co. reacquired rights to Conan, it sold those rights to a Swedish company called **Paradox Entertainment**, which has spent the last decade attempting to revive the character's commercial value, including new comic books, a computer game, and now a 3D film from Nu Image/Millennium and Lionsgate.

In its lawsuit against Conan Sales Co., Paradox, Lieberman, and others, SLMI is demanding it be restored its rights over the franchise and that the defendants be ordered to turn over any money or property derived from the success of the character, including the newest film. Conan disappointed at the box office this weekend, bringing in about \$10 million. Reports have pegged the budget as being anywhere from \$70 million to \$90 million.

Paradox couldn't be reached for comment.

Meanwhile, SLMI continues to wage war (<http://www.hollywoodreporter.com/blogs/thr-esq/stan-lee-media-stan-lee-100268>) against Stan Lee and **Marvel Entertainment** over rights to Spider-Man, the Incredible Hulk, X-Men, Iron Man, the Fantastic Four, Thor, and more. Similarly, the company believes that this IP was unlawfully transferred when the company was in bankruptcy protection. A California federal judge recently stayed proceedings, awaiting a ruling by the 2nd Circuit whether an alternative lawsuit in New York can be pursued once again.

Conan the Barbarian was created by **Robert E. Howard** in the 1930s, revived as a comic book character by Marvel Comics in the 1970s, and became a film starring **Arnold Schwarzenegger** in 1982.

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**JASON MOMOA** ([HTTP://WWW.HOLLYWOODREPORTER.COM/CATEGORY/ENTITIES/JASON-MOMOA](http://WWW.HOLLYWOODREPORTER.COM/CATEGORY/ENTITIES/JASON-MOMOA))

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(The Hollywood Reporter)

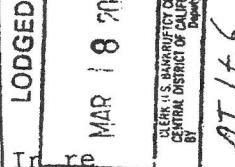
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EXHIBIT C

ORIGINAL

227  
228  
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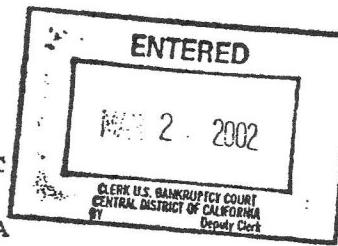
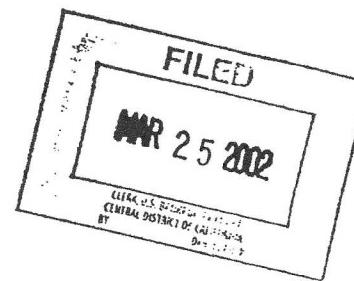
5 Attorneys for Chapter 11  
6 Debtors and Debtors in Possession



7 UNITED STATES BANKRUPTCY COURT  
8 CENTRAL DISTRICT OF CALIFORNIA  
9 (SAN FERNANDO VALLEY DIVISION)

10 ) CASE NO. SV-01-11329-KL  
11 )  
12 ) Chapter 11  
13 ) (Jointly Administered with Case  
14 ) No. SV-01-11331-KL)  
15 )  
16 )  
17 ) ORDER GRANTING MOTION PURSUANT  
18 ) TO BANKRUPTCY RULE 9019 TO  
19 ) APPROVE STIPULATION TO  
20 ) COMPROMISE DISPUTES WITH CONAN  
21 ) SALES CO., LLC  
22 )  
23 ) [No hearing required unless  
24 ) requested]  
25 )  
Affects Both Debtors  
Affects Stan Lee Media, Inc., a Delaware corporation, Only  
Affects Stan Lee Media, Inc., a Colorado corporation, Only

This Court, having considered the Motion (the "Motion")  
filed by Stan Lee Media, Inc., a Delaware corporation, and Stan



233911

1 Lee Media, Inc., a Colorado corporation, debtors and debtors in  
2 possession in the above-captioned Chapter 11 cases (the  
3 "Debtors"), to Approve Stipulation (the "Stipulation") to  
4 Compromise Disputes with Conan Sales Co., LLC ("CSC"), and no  
5 opposition to the Motion having been filed, and other good cause  
6 appearing therefore,

7 IT IS HEREBY ORDERED as follows:

- 8 1. The Motion is granted;
- 9 2. The Stipulation in the form attached as Exhibit "A" to  
10 the Motion is approved; and
- 11 3. The Debtors are authorized to take all steps  
12 reasonably necessary to consummate the terms and  
13 conditions of the Stipulation.

14 IT IS SO ORDERED.

15 Dated: March 25, 2002

  
The Honorable Kathleen F. Lax  
United States Bankruptcy Court

25

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Attorneys for Conan Sales Co., LLC

UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SAN FERNANDO VALLEY DIVISION

In re ) Case No. SV 01-11329-KL  
STAN LEE MEDIA, INC., a ) [Chapter 11]  
Delaware corporation; and )  
STAN LEE MEDIA INC, a ) (Jointly Administered with Case  
Colorado Corporation, ) No. SV 01-11331-KL)  
Debtor. ) STIPULATION TO COMPROMISE  
 ) DISPUTES WITH CONAN SALES CO.,  
 ) LLC  
 ) Date: March \_\_\_, 2002  
 ) Time: \_\_\_ : 0 .m.  
 ) Place: Courtroom "301"  
 ) 21041 Burbank Blvd.  
 ) Woodland Hills, CA

Stan Lee Media, Inc., the debtor and debtor-in-possession herein (the "debtor"); the Official Committee of Unsecured Creditors for the debtor's estate (the "Committee"); and Conan Sales Co., LLC ("CSC"), each through counsel, set forth a compromise of various disputes between them, subject to notice to creditors and approval of the Court.

FACTUAL RECITALS

1. On or about August 31, 2000, CSC and the debtor executed

EXHIBIT A

1 a Purchase Agreement for the debtor to purchase from CSC all of  
2 the issued and outstanding stock of Conan Properties LLC ("CPL"),  
3 which in turn owned various intellectual property rights  
4 associated with the character known as Conan and Conan the  
5 Barbarian (collectively the "intellectual property rights").  
6 Among other things, CSC received stock in the debtor which was  
7 subject to certain price protection guarantees relating to certain  
8 trading volume and price criteria (the "stock trading criteria").  
9

10       2. CSC contends that the stock trading criteria gave rise  
11 to non-recourse obligations which were secured by a lien against  
12 CPL's intellectual property rights and related contracts  
13 (collectively the "guarantee obligations"), and that the lien was  
14 intended to allow CSC to foreclose on the collateral in the event  
15 that the debtor's stock did not meet the trading criteria.

16       3. CSC contends that the stock trading criteria were not  
17 met.

18       4. CSC had negotiated, but the debtor documented and  
19 entered into, an agreement with Warner Brothers pursuant to which  
20 Warner Brothers was granted an option to make movies from the  
21 intellectual property rights (the "Warner Brothers option").  
22 Warner Brothers has until June 30, 2002 to exercise the Warner  
23 Brothers option. Once exercised, there are payments including  
24 cash of \$2 million and gross participations in an amount between 2  
25 1/2% and 5% of Gross.

26       5. On or about February 11, 2001, Stan Lee Media, Inc. (the  
27 "debtor") commenced this case by filing a voluntary petition for  
28 relief under Chapter 11 of Title 11 of the United States Code.

1 The debtor is a debtor-in-possession.

2 6. On or about August 24, 2001, CSC filed a motion for  
3 relief from stay seeking to foreclose on the intellectual property  
4 rights (the "relief from stay motion").

5 7. The Committee opposed the relief from stay motion on a  
6 variety of grounds, including that: (1) some or all of the  
7 guarantee obligations were not due, (2) CSC's lien against the  
8 intellectual property rights was avoidable as a fraudulent  
9 conveyance, (3) CSC's lien was unperfected as to the intellectual  
10 property rights, (4) the guarantee obligations were avoidable as a  
11 penalty under bankruptcy and applicable State law, and (5) the  
12 guarantee obligations were subject to subordination pursuant to  
13 section 510(b) of the Code because they arose from the purchase or  
14 sale of a security of the debtor. CSC filed supplemental papers  
15 in support of the relief from stay motion, and the Committee  
16 advises that, but for the within settlement, it would have filed  
17 supplemental papers in support of its opposition. The debtor  
18 filed a joinder in support of the Committee's opposition.

19 8. In order to resolve the issues raised by the relief  
20 from stay motion including the issues raised as to the validity  
21 and enforceability of CSC's lien and the underlying obligations,  
22 the parties stipulate and agree as follows, subject to Court  
23 approval.

24 Terms of the Stipulation

25 9. RECITALS. Recitals 1 through 7 above are  
26 incorporated herein by this reference.

27 10. PAYMENT. CSC agrees to make payments to the debtor  
28 in the following amounts (collectively the "payment obligations"):

1                   a. \$100,000 on the first business day following  
2 the finality of entry of the order approving this settlement;  
3                   b. \$100,000 on March 31, 2002;  
4                   c. \$75,000 on June 30, 2002;  
5                   d. Only if and when Warner Brothers exercises the  
6 Warner Brothers option, an additional \$200,000 immediately after  
7 the funds clear from the Warner Brothers payment; and  
8                   e. Only if Warner Brothers exercises the Warner  
9 Brothers option, 20% of the proceeds received by CSC from the  
10 gross participation solely from the first film produced by Warner  
11 Brothers, but not any additional films, but only after the gross  
12 participation received by CSC exceed \$1.2 million.

13                 11. RETURN OF STOCK AND ASSIGNMENT OF CONTRACTS. On  
14 the first business day following finality of the order approving  
15 this stipulation, the debtor will execute documents necessary to  
16 assign back to CSC its stock in CPL. The debtor also will assign  
17 to CSC all contract rights it granted relative to the intellectual  
18 property rights, including without limitation the Warner Brothers  
19 option, insofar as such rights, if any, are in the name of Stan  
20 Lee Media or any other subsidiary or affiliate other than Conan  
21 Properties, Inc.

22                 12. SECURITY. Concurrent with the pledge of the CPL  
23 stock to it, CSC will execute and deliver to the debtor all  
24 documents necessary for the debtor to obtain a first priority,  
25 fully perfected security interest in the intellectual property  
26 rights. CSC will grant the debtor a lien against the CPL stock  
27 and the intellectual property rights (collectively the  
28 "collateral") to secure the obligations set forth at ¶ 10 a.-e.